

1 CHAIRMAN JAMES: I'd like to now open our panel up
2 for discussion and dialogue. We have questions from
3 commissioners. Commissioner Bible. I am sorry.

4 COMMISSIONER WILHELM: All those Nevada guys look
5 alike.

6 CHAIRMAN JAMES: You all look alike.

7 (Laughter.)

8 COMMISSIONER WILHELM: First I would say to the Chair
9 that you are regularly subjected to ritual denunciations from
10 various directions about the agenda. I want to say that I think
11 this is a superb --

12 CHAIRMAN JAMES: Comes with the territory.

13 CHAIRMAN WILHELM: I know you can handle it. I think
14 it's a superb panel, I really do. I'm particularly delighted to
15 see such a good panel on such an important subject. After the
16 somewhat uneven panel we had yesterday afternoon, I think this is
17 really a tremendous presentation.

18 I want to say, Mr. Brosig, that several of the
19 commissioners, Commissioner McCarthy in particular, but others as
20 well, have repeatedly called for the kind of both information and
21 leadership from the gaming industry that I believe you've
22 presented today, and it's welcome and I think it would be very
23 beneficial to the Commission and the industry if we heard more of
24 the kind of presentation that you made. I appreciate it.

25 Mr. Middleton, I particularly appreciated your
26 specific, and I thought quite realistic, recommendations for the
27 things that the Commission might pursue or urge others to pursue.

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1 And Mr. Svendson, those materials I just think are
2 outstanding and I hope that you are able to identify the
3 resources, or perhaps I hope the Commission can be helpful in
4 identifying the resources for you and people who are doing the
5 kind of work you are doing

6 And for the panel as a whole, I really appreciate the
7 information about things that appear to be working, as well as
8 the recommendations that you've made. So thank you very much.

9 CHAIRMAN JAMES: Thank you.

10 Let's see if I can get this one right. Dr. Dobson.

11 (Laughter.)

12 COMMISSIONER DOBSON: Several questions. The first
13 question is to all five of you or any of the five of you. A
14 couple of you mentioned the "near miss" event and what that does
15 to inflame especially a person with a compulsive or a competitive
16 personality and temperament. Have any of you seen evidence that
17 the near miss is programmed into the gaming equipment perhaps for
18 the motive of enticing those who have that kind of personality?

19 DR. EADES: The near miss -- I missed a whole lot by
20 the way -- I think, in fact, in some states they outlawed the
21 near miss, I don't know.

22 MR. MIDDLETON: I think they didn't outlaw it but
23 they limited it.

24 DR. EADES: Limited it to so many.

25 COMMISSIONER DOBSON: You're going to have to define
26 near miss as to what it is, because there's a variety of
27 [inaudible].

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1 DR. EADES: Well, it's like if you're playing with
2 three sevens, two sevens come up and a number that's
3 insignificant. But what happens is the gambling addict knows
4 after a while, they don't fool with near misses. We know it's
5 programmed into the machine, we know that it's all on a computer
6 chip, and you don't really worry about those things. I think the
7 new gamblers, people the first couple of times in the casinos
8 would be taken in by a near miss phenomena, but not anyone who
9 has had any time in the casinos. They realize that's programmed
10 in to lure the person who thinks they have come close to hitting
11 a jackpot, for example.

12 COMMISSIONER DOBSON: Mr. Brosig, when I stepped out
13 a minute ago, I was confronted by a reporter from the Times-
14 Picayune who asked me to ask you a question.

15 CHAIRMAN JAMES: Since when did you become a
16 representative of the B team?

17 COMMISSIONER WILHELM: I thought you got your
18 directions from somewhere else.

19 (Laughter.)

20 COMMISSIONER DOBSON: It just so happens that I think
21 his question is relevant and I'd like to know the answer to it
22 too. He said that there are apparently some people who have
23 gambling problems who have asked to be taken off the mailing
24 lists and the promotional material of the Grand and have had
25 difficulty in letting it be known that they have this problem and
26 don't want to continue to be receiving it. Do you have any
27 evidence to that?

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1 MR. BROSIG: First of all, I would say, based on the
2 circulation of the Times-Picayune, it shouldn't be difficult to
3 have it be known; they put it on the front page of the paper the
4 last three days. And I don't mean to be cavalier, but the fact
5 is that if you're looking, or the reporter for the Times-Picayune
6 is looking for perfection from myself, my company, my industry,
7 and if perfection is the standard in our country, then I would
8 suggest we ground every airline that flies today because they
9 certainly aren't perfect.

10 In the particular case you site, because there is a
11 lawsuit involved, I can only talk in hypothetical terms, not
12 specific terms, because we are actively being sued. However, the
13 State of Louisiana and all of the operators who operate in the
14 state of Louisiana anticipated this event and worked together to
15 create a process. Now, for the uninformed person, they could say
16 that they don't understand the process, and therefore, they might
17 write a letter to a casino and not know what to do. But in this
18 particular case, or hypothetically in this particular case, this
19 man engaged a lawyer. The lawyer certainly understands the
20 process; the process was not followed; if the process were
21 followed, I'm sure that we would not have the problems we have.

22 But to send a letter into a corporation that runs 24
23 by seven with 2- or 3,000 employees, none of whom were
24 experienced, the letter goes into the bowels of a credit
25 department which processes hundreds and hundreds of pieces of
26 paper every day, that was exactly the kind of thing we tried to
27 anticipate when we created the process of notifying the state
28 police.

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1 We work with the state police on a regular basis to
2 take people who do so notify us and other casino operators in the
3 state of Louisiana that they wish to be removed, and then we do
4 everything in our human power to do that, given the fact that
5 you're going to have human error. And I know that occasionally,
6 especially with reporters, they will ask questions that presume a
7 pure and perfect world. Computers are not perfect, we all have
8 Year 2000 problems in front of us, databases aren't perfect,
9 mailing lists aren't perfect.

10 In this particular case, I think that you have to
11 look at the entire process that led up to this, and I think that
12 given the programs that Reece talked about, there were hundreds
13 and hundreds of opportunities for this man to take accountability
14 for his actions and not lay it off on four or five casino
15 operators because he did follow the process is ridiculous.

16 COMMISSIONER DOBSON: If I can interrupt in the
17 interest of time. I'm more interested in the process and in the
18 typical circumstance than I am in knowing more about that
19 particular case about which I know nothing. Can you tell me if
20 the casinos with which you work take steps to try to identify
21 problem and pathological gamblers, and if so, what is that
22 process.

23 MR. BROSIG: We do take steps to identify them to the
24 best available information that the experts provide to us. A lot
25 of people who gamble, the majority, are perfectly able to have a
26 good time in a casino. We have programs that publish the hotline
27 numbers; we have the brochures; we train all of our associates

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1 that are involved in the gaming floor to recognize the cycles of
2 gambling addiction.

3 We have an intervention officer of the day program
4 which is a trained program where if a dealer, for example, spots
5 a person who he or she thinks is having a problem, they can call
6 their supervisor who will call the intervention officer of the
7 day and make an attempt to get that person off the casino floor.
8 We do that by buying them dinner, by buying them lunch, by going
9 and having a cup of coffee, because the experts have told us if
10 you break the moment, get the moment broken so that rational,
11 logical discussion can transpire -- and in the material I'm going
12 to submit to you is an example of the intervention officer of the
13 day brochure which gives specific guidelines including sample
14 text of how this person on the casino floor should approach
15 someone and say: You know, I've been watching you, your behavior
16 is erratic.

17 Unfortunately, unlike alcohol or drugs, we can't
18 smell anything on their breath and we can't see any glazing of
19 the eyes, we can only look at psychological behaviors that are
20 being exhibited, and we have to get our information on that from
21 the counselors of the various states, and that's why our company
22 and many in our industry are hungry for information. We support
23 the National Research Center so that you can tell us how to do
24 this.

25 COMMISSIONER DOBSON: Do any of the others of you
26 want to comment on whether or not what we just heard is typical
27 of casinos with regard to attempting to --

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1 MR. MIDDLETON: I would like to comment on that, Dr.
2 Dobson, because I've had some direct experience in working with
3 other casino operators through both the Casino Association of
4 Louisiana and also directly with some non-member casinos who
5 operate.

6 I've worked with a number of casinos in training
7 their employees in signs and symptoms of compulsive gambling and
8 underage gambling; I've worked with a number of casinos in
9 setting up procedures and policies with regard to intervention
10 officers of the day or intervention officers as a group or a
11 category, senior supervisors, and so on.

12 It's unusual for me to go a week without receiving
13 more than one call from a senior casino executive about a
14 customer that they have a concern about, and they refer those
15 persons to our office for evaluation, assessment and referral
16 into treatment. My experience, in working throughout the state
17 of Louisiana, has been that the casino management is responsive
18 to the request for self-banning, if you will.

19 As a matter of fact, the way it came about that the
20 self-banning law got more workable was at the request of a casino
21 manager with whom I was meeting, and I just happened later that
22 day to be meeting with the number two officer of the state
23 police, and we mentioned this earlier conversation and he got us
24 in touch with the director of the state police, and a system was
25 established to make it easier and more workable and more
26 convenient for a person to self-ban.

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1 COMMISSIONER DOBSON: So in your experience, the
2 casinos do look to intervene on behalf of people who have
3 pathological gambling problems.

4 MR. MIDDLETON: Yes, they do. But I'm also mindful
5 of the fact that you don't just walk on a casino floor and say,
6 Aha, there's one, aha, there's one, aha, there's another. That's
7 very dangerous.

8 COMMISSIONER DOBSON: If you're keeping records, you
9 should be able to see a pattern that would raise some red flags.

10 MR. MIDDLETON: You may be able to see a pattern.

11 COMMISSIONER DOBSON: Dr. Eades.

12 DR. EADES: I get a lot of calls from parents that
13 want to know the signs and symptoms of drug addiction, and I'll
14 tell them to take the child and have him drug screened. We don't
15 have anything like that. But what I do find is that we're in the
16 computer age and I guarantee you I can go look at computer
17 records from any casino and you can see the frequency, the
18 intensity, the duration, you can actually see the increase in
19 time, money spent, days a person goes to the casino. I don't
20 know how you flag that, but I do know that you can look at a
21 computer printout. I've testified as an expert witness in some
22 cases and I always want the computer printout because you can see
23 the progression.

24 COMMISSIONER DOBSON: The question is do casinos do
25 that.

26 DR. EADES: No, not to my knowledge. Now, I did a
27 lot of gambling, lost a lot of money, and no one ever came up to
28 me and said perhaps you have a problem, or let's go get a cup of

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1 coffee and let you cool off, or whatever, never happened. And
2 I'm not saying that it does not go on, but I would imagine that
3 is fairly awkward. What I would like to see is how many people
4 are intervened upon by casino employees over a year, for example.

5 COMMISSIONER DOBSON: That's my final question. Mr.
6 Brosig, with regard to casinos and their employees, you indicated
7 that you provide medical coverage, insurance coverage for those
8 who are addicted to gambling, or may be. How do you identify
9 them and what do you do when you find them?

10 MR. BROSIG: Dr. Dobson, as I mentioned, we have a
11 very comprehensive program called Health Quest, and one of the
12 key components of it is that there's an intermediary group of
13 health care professionals who do all of the contact with the
14 associates: the nurse practitioners on site, the clinic visits,
15 the EAP reviews, et cetera. This is done to protect the privacy
16 of the associates because many people, believe it or not, think
17 that management may not have their best interest at heart, and
18 therefore, to expose personal information would just inhibit the
19 process.

20 So what I can say to you is that I don't know the
21 answer to that question because senior management at our company
22 doesn't have access to that intricate details. What we do have
23 access to is that we are told about utilization of the EAP in
24 terms of your employment base.

25 Now, what I have done is I have started work with
26 Harvard University a year and a half ago to do a comprehensive,
27 independent, confidential, anonymous health screening of all of
28 my employees to ascertain to answer the question: Just because

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1 you work in a casino, do you have a higher prevalence rate to
2 become addicted to gambling?

3 That work is ongoing; we've surveyed roughly 12,000
4 of our associates; the data is being collated by Dr. Howard
5 Schaffer. We have given Dr. Schaffer the permission to talk
6 about that research to scientists, but the data is not ready for
7 publication yet. So other than take these very pro-active
8 leadership cultural steps, we as a company do not believe we have
9 the right to get into people's personal lives to that degree. We
10 provide the resources for them to take the steps.

11 COMMISSIONER DOBSON: So they self-identify.

12 MR. BROSIG: And they go through the Health Quest
13 things and then the proper medical care, the proper psychological
14 care, and one of my frustrations -- and I have fought this for
15 years -- is that the medical community turns their back on most
16 people in America that have a compulsive medical problem, they do
17 not come and cover it.

18 And when I was raising money for the Harvard Think
19 Tank on Youth Addiction, we were not able to raise any money from
20 medical foundations because their bylaws said that the only way
21 that they could contribute to this sort of a gambling problem
22 research was that it had to be a medically connected disease and
23 that was not the case and is not the case today. And one of the
24 single most important things this Commission can do is to work
25 with the insurance industry to cover that medically so that all
26 of these people that have this problem get the help. And what
27 the industry and the ancillary vendors should do is to fund
28 research.

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1 CHAIRMAN JAMES: Well, the Chair is going to
2 recognize commissioners in this order: McCarthy, Leone and then
3 Bible. I think I recognized the hands in that order.

4 COMMISSIONER McCARTHY: Mr. Brosig, I was cheered by
5 your presentation, and I'm glad to hear that you're doing
6 something, but let me ask you these questions.

7 We can try to reach someone addicted to gambling, a
8 pathological gambler at the end of the trail, after a family has
9 been destroyed, maybe an employer embezzled, facing all kinds of
10 charges, civil and criminal; or we can try to identify that
11 person at an earlier stage and figure out how to intercept.

12 I'm not quite sure why the person can't simply be
13 told: I'm sorry; we've taken a lot of your money today, we don't
14 want to be taking any more. In the bar business, the hotel
15 business, if someone has had too much to drink, a bartender is
16 instructed by places that are pretty responsible: Sorry, we're
17 not going to serve you any more.

18 Now, that's true because there's some pressure from
19 drunk driving laws and you can be sued if you keep feeding liquor
20 to somebody who then goes out and harms somebody driving his or
21 her car, but a lot of them do it simply because it's the right
22 thing to do. Sorry, you've had too much to drink -- in a
23 friendly way; they don't want to lose their customer, but they'll
24 do it in a friendly way.

25 Now, what is to prevent any one of your staff people
26 simply saying to some -- I assume you have something like what
27 Dr. Eades was describing earlier, something resembling the player
28 card, or you have a way of identifying with each customer. You

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1 do a lot of market research, you know a lot about your customers,
2 how much their spending and so on. So your people, your savvy
3 managers will be able to identify someone who is showing a
4 pattern here of compulsive gambling.

5 What is to prevent you or one of your managers from
6 simply saying to that person: Mr. Johnson, we really appreciate
7 having you as a customer and a friend, but we've taken plenty of
8 your money already and please don't spend any more here. I mean,
9 instead of taking them to have a cup of coffee and talk them into
10 it, just tell him he can't gamble in your place anymore. What's
11 to prevent that?

12 MR. BROSIG: It's called freedom. You know, in your
13 example of the alcohol person, there has to be a drug test or an
14 alcohol test and the law supports it. I believe the amount of
15 lawsuits that we would have for violation of people's individual
16 rights by playing some sort of mandate that I'm going to
17 personally go in and select you today to remove from the casino.
18 The challenge will be we will be sued that because they were
19 winning, we as a casino didn't want to suffer the loss,
20 therefore, we threw them out.

21 I would love to get to where you're going but I need
22 the research to support it. There's no information, and there's
23 researchers here all over the place that couldn't walk into a
24 room of 100 people and pick out the compulsive gambler.

25 COMMISSIONER MCCARTHY: You have no way, with the
26 information you develop --

27 COMMISSIONER LEONE: Let me ask a question. But
28 don't, in fact, casinos remove card counters who are making money

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1 at Black Jack, whether the card counters want to quit making
2 money or not?

3 MR. BROSIG: We do not do that.

4 COMMISSIONER LEONE: But it's done, isn't it?

5 MR. BROSIG: Again, I can't speak for other casinos.
6 I think card counting with six-deck shoes and Shuffle Master
7 machines and surveillance, other than computer card counting is
8 virtually a science that doesn't exist today.

9 But the point is, and I want to go back to the slot
10 data club which --

11 CHAIRMAN JAMES: Could I just follow up on Mr.
12 Leone's question?

13 COMMISSIONER McCARTHY: Let me bring this to a close.
14 Mr. Brosig, is there a law in any of the states where you operate
15 that takes away your right that so many businesses take advantage
16 of by putting a sign on the wall saying "We reserve the right to
17 serve you; we reserve the right to have you on our premises"? Is
18 there any law in the state of Louisiana or anywhere else you
19 operate that takes away that right from you to reserve the right
20 as to who your customers are going to be?

21 MR. BROSIG: I believe you cannot --

22 COMMISSIONER McCARTHY: I believe you said something
23 about a lawsuit.

24 MR. BROSIG: Yes, I would be sued. I do not have the
25 right to indiscriminately in a public place --

26 COMMISSIONER McCARTHY: Who's saying indiscriminate?

27 MR. BROSIG: That's because I have no proof that this
28 person is a compulsive gambler.

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1 COMMISSIONER McCARTHY: I asked you at the beginning
2 whether you kept player cards or anything resembling. Do you
3 have any information from all the consumer marketing research you
4 do that would identify people who gamble excessively in your
5 establishments?

6 MR. BROSIG: I don't know what excessively means.
7 Excessive to you may be something different than excessive to me.
8 Just because you look at a database that shows throughput,
9 there's greater throughput on a database if someone is playing a
10 machine that's more liberal than if a machine is tighter; the
11 nickel machines have different throughput than dollar machines;
12 and all of those things go into the database. I wish we could be
13 as sophisticated as you all perceive that we are in our database.

14 COMMISSIONER McCARTHY: Can't you do credit checks?

15 MR. BROSIG: We have 150,000 people a week go through
16 each of our six casinos; it would be virtually impossible. And
17 only a small percentage, maybe 40 to 50 percent, are Player Club
18 members.

19 COMMISSIONER McCARTHY: Look, I can get an answer
20 that establishes an insurmountable wall. We're not talking about
21 your 150,000 people a week, we're talking about those that you
22 already have some information on to tip you off that they are
23 gambling a great deal a lot and you see a pattern here which runs
24 up a red flag -- through your own market research. That's not
25 150,000 people, that might be a handful of people, it might be
26 the 4 percent or 6 percent that the surveys here say are
27 pathological gamblers in this market.

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1 MR. BROSIG: I would suggest that we don't now have
2 the wherewithal, neither technologically nor from the staff
3 perspective to do what you ask us to do. It's a very, very
4 complicated issue. We can only by observation -- researchers
5 have told us one thing: the pathological gambler in the
6 desperation phase exhibits visible behavioral modification.
7 That's what we try to attempt to do.

8 It doesn't help what you're asking me on the front-
9 end. I do not have the technological ability in our systems at
10 Grand Casinos to preview gambling patterns from our database, I
11 just don't have it. The data is so voluminous, I couldn't get
12 through it. So other than being very candid with you, I can't do
13 it. Unless the research community -- which is what we're hoping
14 will happen by funding all this research -- gives us assistance,
15 we have no way to know that, and without that way, I can't
16 indiscriminately stop people from coming into a public place.

17 CHAIRMAN JAMES: Commissioner Leone.

18 COMMISSIONER LEONE: Assuming we can't wait for the
19 Human Genome Project to tell us what gene, it occurs to me,
20 listening to you, that there is something we can learn here --
21 and I'd like your reactions to it -- from the maturing of the
22 securities industry which decided at various points that it was
23 hurt by people losing more money than they could afford in the
24 securities business and established, over a long period of time,
25 a series of industry-wide standards that were intended to head
26 off that kind of a problem and also establish some insurance on
27 their side.

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1 But I'm not dealing with that and I'm not pretending
2 that this has prevented gambling or losses in the securities
3 business. For example, the great majority of people who
4 participate as individuals in commodity markets lose all the
5 money they invest in commodity markets, and so there's still
6 plenty of gambling. In fact, we should all keep this in mind as
7 a rule of thumb: anybody who gets the average -- I didn't say
8 exceeds the average -- the average return on the market has
9 gambled.

10 Since it's impossible to capture the average which is
11 a number for a unmanaged account with no costs and no fees, any
12 time you do it, there's been some variation from just following
13 an index. Anybody who bought MicroSoft early was gambling. So
14 there's still a lot of gambling.

15 So the industry really, although it denies it's
16 involved in gambling, has taken a number of steps to deal with
17 it: they require a financial disclosure form before you can open
18 an account; that leads to the know-your customer requirements we
19 put on the house where you're not, therefore, allowed to sell
20 your customer certain things or solicit certain things from your
21 customers; there are severe limits on credit.

22 Margin calls -- in the futures business there's a
23 margin call every day; even in the stock market the margin has
24 increased and whenever the market gets more volatile, it
25 increases again, and indeed, the house has the right to liquidate
26 your positions, and does if they think you're taking too much
27 risk. There are limits on what you can invest in.

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1 A person can open an account at Schwab to buy stock
2 or an account at Dreyfus to buy a mutual fund can't open, by that
3 standard, say a futures account or an options account where you
4 need a lot more money and a lot more knowledge.

5 There's been some attempt to control the legal risk
6 by having arbitration agreements; that is, before things go to
7 court, you arbitrate disputes. You still have plenty of problems
8 but it seems to me some of these kinds of notions which would
9 have been silly to talk about in the industry of 10 or 15 years
10 ago, or maybe even five years ago, may be the sorts of things
11 that will be possible going ahead.

12 Assuming we do solve the Year 2000 problem, we have
13 so much more technology now, so much more ability to process.
14 And it seems to me that process would also turn up problem
15 gamblers or people who are stealing to gamble or using false
16 credit to gamble fairly quickly with few mistakes, and would help
17 both the business and who are worried about problem gambling. I
18 just wonder what any of you think about that.

19 I mean, I know that takes a little of the fun out of
20 it if you've got to fill out a form and if you're being
21 tracked -- I understand that part of it, but there are some
22 recreational activities where you have to take a physical before
23 you can. You can't even go to a gym without them taking your
24 blood pressure; that doesn't stop people from going to gyms. So
25 I'd just be interested in your reaction to that kind of regime.

26 MR. BROSIG: My reaction?

27 COMMISSIONER LEONE: No. Anybody on the panel,
28 actually.

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1 MR. LADOUCEUR: One reaction here is with some of the
2 casinos, at least where I live, at the Casino De Montreal, there
3 is the self-exclusion program, and I think we can see it from
4 either that we control when you get in or control when you come
5 out. In the self-exclusion program, I've been involved not only
6 in analyzing the different characteristics of the people who use
7 that program, but to analyze those in order to improve and target
8 specific clientele that could benefit before they get to the end
9 of that self-exclusion. And now self-exclusion -- I would say
10 until now and still is being used by people who have serious
11 financial problems.

12 So if we continue to target, to analyze those
13 characteristics, I think we can give information about the
14 different signs and in order to put that kind of program, not
15 when you come out of the casino or the different gambling
16 activity, but before. But in order to do that, we need to know
17 more about what are those characteristics who are the prediction
18 of pathological gambling.

19 The second thing I would like to emphasize here is
20 that all pathological gamblers have one common denominator --
21 there may be some exceptions but very few -- is that they are
22 trapped in the chasing behavior. And I don't know if that was
23 underlined before, but chasing behavior means I am -- and if I
24 refer to what I've said before, those gamblers are strongly
25 convinced that they will recoup the money they lost, and that's
26 why they keep going back, not because they have fun at that
27 stage, it's because they are more convinced that they will recoup
28 that money. And again, I think that kind of information is

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1 pivotal, it's crucial to reduce the line that the people will
2 lose control over their gambling.

3 DR. EADES: Being a gambling addict, I gambled
4 because I liked the action, I think. You know, I reached a place
5 where I knew I was never going to win my money back, and in the
6 desperation stage you gamble to handle the depression caused by
7 your gambling. But it seems to me that if we are in the computer
8 age and on the information highway, we have enough sophistication
9 and technology to be able to prevent -- once a person gets
10 addicted -- I'll be very honest with you, I've worked in a lot of
11 treatment centers -- everybody altered their statistics to show
12 their success rate is higher. Success rates are not that high
13 when you start talking about the treatment of addiction.

14 Our only hope, as I see it, in regard to gambling
15 addiction is suspension and early intervention, and I think if we
16 have the computer programs, you don't have to be a real whiz to
17 see that if somebody has gone from spending four hours a week to
18 40 hours a week, and from spending \$100 to \$2- or \$3,000 a week,
19 and gambling 27 hours straight, then you know that person might
20 have a problem.

21 And so what you do is you send it out to them. You
22 send it out when you send out your mailing and say, hey, you
23 know, this is your computer printout and you perhaps have the
24 onset of a problem, and we suggest you might want to consider
25 contacting so-and-so. I don't see anything wrong with that or
26 illegal with that. And when you see it in black and white, I am
27 telling you, it makes a big difference for the gambling addict.
28 That's all.

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1 CHAIRMAN JAMES: Mr. Brosig, how would you respond to
2 that suggestion?

3 MR. BROSIG: I think it's a great idea. I think if
4 we can get the technology solid enough so that we can do it and
5 not have -- my biggest fear, quite frankly -- at least I can only
6 talk about my company today -- is that somebody else's form gets
7 put in somebody else's letter because a \$6 or \$8 or \$9 an hour
8 person got a phone call while they were stuffing envelopes. And
9 if we can get to the point -- because I am manual on most of the
10 things I do -- if we can get to the point and evolve to that.

11 I mean, one of the things that I think is so
12 important -- and it's interesting, you hear the fellow from
13 Minnesota and you hear the fellow from Louisiana, I'll bet these
14 two don't even know what each other do, and we continue to
15 reinvent the wheel in every state and in every jurisdiction, and
16 we continue to throw millions of dollars at it because this snuck
17 up on all of us.

18 So I support that. I think it would be great if we
19 could do it and ensure that people's personal rights and privacy
20 and rights to privacy are not violated.

21 CHAIRMAN JAMES: Commissioner Bible, did you still
22 have a comment?

23 COMMISSIONER BIBLE: I do indeed.

24 Mr. Brosig, you I believe are to be commended in that
25 the programs you described the Grand operates are far and above
26 the programs that are typically offered by people within the
27 industry. You do make one statement in your presentation and
28 that is that you need guidance, not regulation. Now, without

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1 regulation, how would you ensure the other operators come up to
2 the same level that you're at?

3 MR. BROSIG: It's interesting. I spent more time on
4 that one word or that one phrase, and I almost scratched it out
5 sitting in the back.

6 I think the solution to the problem is at the state
7 and local level to develop prevention, education and treatment
8 strategies, and then determine how much it's going to cost, and
9 then fund it, preferably, on a voluntary basis because I still
10 believe it's the right thing to do, but then let the gaming
11 commissions have the regulatory hammer, if they so desire on a
12 discretionary basis to use it to get everybody in line.

13 If you look at every industry -- it's not just the
14 casino industry -- if you look at the amount of money from
15 charitable gaming that goes to churches and schools, if you look
16 at the federal government which is one of the biggest supporters
17 of gambling on military bases throughout this world, if you look
18 at bingo halls and parimutuels, if we all did our part, we
19 wouldn't be sitting here discussing how to fund it, we would be
20 sitting here discussing how do we best create a program which
21 meets the needs of most of the people.

22 COMMISSIONER BIBLE: But with something as simple as,
23 let's say, helpline numbers, how do you guarantee that they're
24 available on all devices? You don't do it by regulation.

25 MR. BROSIG: Again, you work through your local
26 councils -- that's what we do in our jurisdictions -- and the
27 councils have political clout with their state representatives
28 and their gaming commissions. I kind of pause because I share

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1 the frustration of not having a national helpline because of
2 maybe some parochialism with the various state agencies who don't
3 want to give up their little fiefdom, if you will. We have the
4 technology today to collate this data on a national basis.

5 When I publish something that I want to donate to the
6 Louisiana Council, the Minnesota Council, the Mississippi
7 Council -- for example, the PSAs -- I have to produce different
8 versions because each state has a different phone number.

9 Why couldn't we have, like we have 911 in America,
10 why don't we have 711 which is a three-digit number which goes
11 into an emergency helpline for all gambling people and it's easy
12 to remember, it's easy to publicize and it can be done -- we have
13 the technology, we don't have the will.

14 COMMISSIONER BIBLE: How do you ensure that it's
15 uniformly available at places where people gamble?

16 MR. BROSIG: Because you have a national council on
17 compulsive gambling and that's the agency that already exists in
18 place, the work is already done, and you just collate it up and
19 you everybody support it and fund it, and then you have a
20 critical source for the treatment professionals to extract data
21 so they can give advice back to the casino operators, the
22 parimutuel operators, the charitable bingo operators, et cetera.

23 CHAIRMAN JAMES: A national council with what kind of
24 authority?

25 MR. BROSIG: Again, I'm getting into an area where I
26 don't have the expertise. Reece, I think you should talk to
27 that.

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1 COMMISSIONER BIBLE: But he can't come in and tell
2 you to put a helpline number on your machines; it may be mandated
3 in some areas where you operate.

4 MR. BROSIG: It can be in the gaming laws. I mean,
5 it is in most of the emerging gaming laws, I think, and quite
6 frankly, I don't know of any casino operator today that I've ever
7 come in touch with that isn't willing to put up the helpline
8 posters. I know that, for example, at Grand, if you looked at my
9 business card, there's a whole statement and all the helpline
10 numbers are on the backs of the business cards of every Grand
11 associate, it's on our player card, it's like what we should do.

12 COMMISSIONER BIBLE: Was it on all your devices in
13 the state of Nevada?

14 MR. BROSIG: No, it was not.

15 MR. MIDDLETON: Madame Chairman, can I take --

16 MR. BROSIG: Can I just finish? It was not, because
17 what we're talking about is an evolutionary process. You know,
18 in 1992 no one even knew how to help anybody. There wasn't a
19 Mississippi Council in 1992 when the law was passed; I don't
20 believe there was a Nevada Council until recently. This is
21 something that we can look and say "shoulda, coulda, woulda"
22 until the cows come home.

23 COMMISSIONER BIBLE: And I'm not assessing blame, I'm
24 just talking about how do you require people to do what's right
25 without doing regulation or passing some sort of a mechanism to
26 enforce requirements.

27 MR. BROSIG: And I only say that the AGA which was
28 founded about three or four years ago has a task force which

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1 gives this to every casino operator. It's called "Best
2 Practices" and every manager of every casino has this and they
3 can look at what other gaming operators are doing. We just
4 finished Responsible Education Week, and this is published with
5 "Best Ideas."

6 And I'm only saying that today, unlike three or four
7 years ago, a casino general manager that has a problem can look
8 at a published document and say, Gee, what are they doing over at
9 Harrah's, what are they doing over at the Boyd Group, what are
10 they doing over at Grand. We didn't have that when we started
11 our company.

12 COMMISSIONER BIBLE: And you've named very good
13 companies that are very progressive in this area. There are
14 other companies that are not progressive in this area and
15 probably do not implement any of the provisions of the AGA book.

16 MR. BROSIG: And those, I think, through regulation
17 or through some mechanism, should stop that.

18 COMMISSIONER BIBLE: I finally got your attention.

19 (Laughter.)

20 MR. BROSIG: In my text, I asked those people to stop
21 doing that.

22 MR. MIDDLETON: Madame Chairman, could I please take
23 12 seconds and break down how we distribute the amount of money
24 that's available to us in Louisiana for treatment purposes.

25 Currently we have \$1-1/2 million available from
26 gaming taxes; one-half of 1 percent of the four major areas, up
27 to a half million dollars, in video poker, the state lottery, in
28 riverboat casinos and the land-based casino when it's comes on

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1 line here in New Orleans will also have a half million dollar
2 contribution.

3 So right now we only have three but it's a million
4 and a half, and of that million and a half, we provide: about
5 \$300,000 for outpatient treatment, we will provide about \$450,000
6 for inpatient treatment, we provide a total of about \$200,000 for
7 the helpline, \$300,000 for prevention, \$100,000 for billboards
8 that you've seen as you came into the state, and about \$150,000
9 for staff development.

10 The additional half million that will come into the
11 State Office of Alcohol and Drug Abuse as the land-based casino
12 comes on line -- I don't mean to speak for the assistant
13 secretary, but it's my understanding that he plans to devote a
14 good portion of that to the development of a school-based
15 prevention program. We're working on some things already with
16 essays and posters in the schools against underage gambling, that
17 sort of thing.

18 CHAIRMAN JAMES: Thank you, Commissioner Loescher.

19 COMMISSIONER LOESCHER: Thank you, Madame Chairman.
20 I've really enjoyed this panel and appreciate you putting it
21 together this way.

22 A couple of things for Mr. Ladouceur. I was
23 impressed with your presentation and was wondering about
24 cognitive treatment, in my mind, equals education, whether it's
25 on your working with a client or a group or a larger part of the
26 community. How much of what you're talking about could be
27 translated to larger groups, schools, lower grade schools and
28 other people?

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1 MR. LADOUCEUR: Quite a lot, actually. It's the
2 perception, actually, of the gambling activity which is, in many
3 cases, erroneous. And I will not argue that's the only factor
4 that will take people to gamble excessively, but if we correct
5 it, we find that people will stop believing that they can recoup
6 their money at gambling.

7 What we're now doing is early in the school system is
8 to provide that information to the youth that gambling is a
9 leisure activity where it's not an activity where you can control
10 the outcome but it's an activity which is determined by chance
11 and there's no way, there's no abilities that you can win more
12 with a kind of a system. And with that information, I think it
13 can be applied in groups, it can be applied in the general
14 population.

15 And I would say, more importantly, I think all the
16 publicity that suggests that there are ways to be a better
17 gambler should be looked at very carefully because we're just
18 reinforcing those biases in order that people will be more
19 convinced that they could do the right thing at gambling which is
20 clearly, clearly not the case.

21 COMMISSIONER LOESCHER: Thank you.

22 Madame Chairman, one other thing that I think I
23 learned today, and I thought I knew, and I've been puzzling about
24 in terms of the public policy framework of gaming in America is
25 this notion of freedom versus the definition of privilege. In
26 Alaska we're big on fishing, you have to have a license to fish;
27 in most of America you have to have a driver's license to drive.

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1 And I appreciate Tom's comments that if we are going
2 to be moving into defining your eligibility to participate in
3 gaming as a privilege, then that takes a whole new legal context
4 for the individual and the community, the legal exposure to the
5 gaming operator. And it's sort of we're tossed between the
6 notion of personal responsibility versus the liability of the
7 gaming operator or the public interest in this matter, and I'm
8 not quite sure that we're willing to take that leap yet with
9 regard to this industry.

10 But I thought I'd just offer that to Tom if I
11 perceived you correctly.

12 MR. BROSIG: I think some tort reform, much like the
13 Good Samaritan Rule, would allow us to take major steps in that
14 direction where a gaming operator could not be sued for asking
15 for whatever reason, any and all reasons, asking someone to
16 leave.

17 And I'm not a lawyer and I'm not an expert on this,
18 but I tell you I think you might want to look at some of these
19 issues because it's very real and I think you could actually -- I
20 know Jeremy Margolis asked you to call some attorneys general
21 yesterday -- I think if you looked at the caseloads of frivolous
22 lawsuits filed because someone felt offended -- and we have it
23 with alcohol where we will stop serving someone and ask them to
24 leave and then we will have to defend our actions at a later
25 date.

26 Again, we welcome the experts to tell us what to do.
27 I think we're very good soldiers if we know what to do without
28 stepping on people's rights.

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1 COMMISSIONER LOESCHER: Thank you, Madame Chairman.

2 CHAIRMAN JAMES: Certainly.

3 Commissioner Lanni.

4 COMMISSIONER LANNI: If I may, just a question and
5 then a brief comment -- not a lecture but a comment. Relative to
6 Mr. Wilhelm's comments, I happen to agree: this is an excellent
7 panel.

8 Mr. Middleton, specifically, I concur with your
9 thoughts and support your recommendations, with one substantive
10 exception. You refer in the third to last paragraph, if I may
11 read from it, "Insofar as where the funding can come from, it
12 would seem that a federal tax on those gambling industries which
13 do not currently pay much in the way of state taxes might be
14 indicated."

15 One, just to clarify for all entities here, I
16 understand you to say industry, so I assume that's beyond Mr.
17 Brosig's or Mr. Lanni's affiliation with casino gaming, that we
18 would include everyone that you're proposing here.

19 Now, as far as the fact that you say that these
20 industries don't pay much in state taxes, I would disagree with
21 you on this because I think you'll find that in most instances
22 they vary from, say, 6-1/4 percent of gambling revenue as a
23 privilege tax to a level in excess of 30 percent, depending upon
24 the particular jurisdiction and state which is involved. That
25 would be in addition to whatever state income taxes or local
26 income taxes are called for in a given jurisdiction. So I would
27 disagree with your conclusion that these industries do not pay
28 much in state taxes.

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1 As a Republican, I would also disagree with any
2 increase in federal income taxes. Maybe Mr. Wilhelm and I will
3 have to disagree on that; we disagree on few things, but on that
4 one, I feel that I pay my fair share and I feel that our company
5 pays its fair share on federal taxes.

6 Would you consider, having heard what I just said
7 here, some proposal that would indicate that it would be
8 appropriate for local jurisdictions which have this privilege tax
9 to take a portion of that privilege tax and deal with this very
10 real problem of pathological and problem gaming?

11 MR. MIDDLETON: Yes, Commissioner. Actually, the
12 wording was not my best work; it probably came out at about 3:00
13 in the morning or something like that. Really, essentially what
14 I was attempting to say is that some pay more in the way of state
15 taxes than others do, depending on the kind of industry it is,
16 and perhaps we might level the playing field, if you will, more
17 for those that don't pay quite as much in the way of state tax
18 and perhaps somehow divert that into -- and again, I'm not a
19 legislator nor a lawyer -- but somehow divert that into some sort
20 of federal funding for addressing this problem on a federal
21 level.

22 Because I agree: I think that, yes, we do need to
23 address it on a state level, but I think also it's a national
24 problem, it's a national issue, and it needs to have some
25 national attention. And I am a Democrat, so however as a
26 Republican you take that.

27 COMMISSIONER LANNI: Well, there are enlightened
28 Democrats, also, Mr. Middleton, and I hope that you become an

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1 enlightened Democrat to realize that the states deal with these
2 problems probably more efficiently because they're closer to the
3 problem, and when we send things to Washington, they seem to not
4 come back in the same form that we would like them to.

5 My last comment, if I may, is that as much as I like
6 to talk about my particular part of this industry, I don't think
7 that either this panel or my fellow commissioners should overlook
8 the fact that when you have -- and I think there is -- I could be
9 mistaken -- a lottery in the state of Louisiana.

10 MR. MIDDLETON: That's correct.

11 COMMISSIONER LANNI: I think you have video lottery
12 machines at truck stops, I know that you have parimutuel gaming
13 available, and you have casinos, and you have Native-American
14 gaming. I would propose that whatever is done to deal with the
15 problems that exist, the problems exist throughout that panoply
16 of gaming operations with people who have problems with gaming,
17 and we shouldn't overlook the fact that whatever data is
18 available, whatever regulations are formulated and promulgated
19 that they take into account each of these distinctive forms of
20 gaming in dealing with this problem.

21 MR. MIDDLETON: Totally agree with that.

22 COMMISSIONER LANNI: Thank you, Madame Chair.

23 CHAIRMAN JAMES: Thank you.

24 Commissioner Moore.

25 COMMISSIONER MOORE: Dr. Eades, I do know you, don't
26 I?

27 DR. EADES: You sure do.

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1 COMMISSIONER MOORE: You made a statement, I believe,
2 in your presentation that you thought that the only true
3 treatment of compulsive gambling was to those people that
4 probably had a belief in the higher powers.

5 DR. EADES: Right.

6 COMMISSIONER MOORE: And I'm not so sure that I
7 disagree with that because I would like to state it's a small
8 scale but probably the most successful program -- and I have no
9 statistics to back this up, just observation -- one of the most
10 successful programs in drug and alcohol addiction is based on
11 exactly that, and it happens to be a program that he knows about
12 and not affiliated with any hospital.

13 Treatment of drug and alcohol addiction as well as
14 gaming addiction is very, very expensive, as we've heard, and I'm
15 surprised at some of the figures that I heard yesterday that said
16 it could be as low. I'm more or less agreeing with a figure
17 today that my friend Richard questioned a little. It's very,
18 very expensive.

19 Do you think that this would be worth, or is this in
20 the program of most compulsive gaming programs, the treatment of
21 the addiction? Is something like this suggested? I think you're
22 just an individual who decided to do this.

23 DR. EADES: I think, Dr. Moore, the AA program was
24 founded on a spiritual basis. When Gamblers Anonymous was
25 formed, one of the men was an atheist and the other was not, but
26 they did not stress the spiritual part of the program as much as
27 it's stressed in AA. But you know, I know a lot of psycho-babble
28 terms and dollar words, but when I'm working with people and

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1 after 20 years, I start to see that people who go to church, who
2 undergo a spiritual transformation through a belief in God seem
3 to have a healthy recovery. They don't get addicted to something
4 else, they don't go out and maintain their same character.

5 Now, I know it's not secular and it's not scientific
6 to talk about spiritual transformations, but Dr. James at Harvard
7 was a very brilliant man, and the people that I saw in the field
8 of addiction, they undergo a spiritual transformation. And I
9 think if we leave that out, I think treatment programs are
10 important, I think support groups such as GA are important, but I
11 think if we leave out the spiritual transformation part, then
12 that's denial on the part of the therapist as well as the
13 patient. I truly believe that. Thank you.

14 CHAIRMAN JAMES: I've allowed this panel to go over
15 about 30 minutes because I think it was very, very informative
16 and certainly helpful to the deliberative work of this
17 Commission. I would ask that each of you stay in very close
18 contact with the Commission, and as we go through the next few
19 months, I would ask that as additional information is available
20 to you that you would share that with the Commission, and we do
21 thank you for your participation today.

22 For the benefit of the Commissioners, we are going to
23 take a ten-minute break at this point and I am going to try to
24 make up our time during lunch.

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